

# DEPARTMENT OF SOCIAL SERVICES

## FINANCIAL SUMMARY

|  | FY 2002<br>EXPENDITURE | FY 2003<br>APPROPRIATION | FY 2004<br>REQUEST | GOVERNOR<br>RECOMMENDS<br>FY 2004 |
|--|------------------------|--------------------------|--------------------|-----------------------------------|
| Office of Director/Administrative Services                             | \$ 58,253,861          | \$ 78,117,109            | \$ 79,238,021      | \$ 77,689,220                     |
| Family Support Division  | 590,508,533            | 611,359,635              | 606,780,481        | 497,903,846                       |
| Children's Division  | 408,536,670            | 406,114,726              | 421,122,332        | 502,235,255                       |
| Division of Youth Services   | 58,350,099             | 60,524,371               | 60,524,371         | 60,996,939                        |
| Division of Medical Services   | 4,438,770,640          | 4,204,373,949            | 4,642,324,420      | 4,475,630,575                     |
| DEPARTMENTAL TOTAL   | \$ 5,554,419,803       | \$ 5,360,489,790 *       | \$ 5,809,989,625   | \$ 5,614,455,835                  |
| General Revenue Fund   | 1,170,247,366          | 1,071,317,737            | 1,379,057,898      | 1,252,180,857                     |
| Federal Reimbursement Allowance Fund                                   | 449,100,452            | 520,589,286              | 590,823,842        | 590,823,842                       |
| Pharmacy Reimbursement Allowance Fund                                  | 0                      | 55,392,482               | 1,687,788          | 55,392,482                        |
| Title XIX - Federal and Other Funds                                    | 2,449,952,834          | 2,325,844,271            | 2,567,093,989      | 2,465,507,073                     |
| Federal and Other Funds  | 564,077                | 575,000                  | 575,000            | 575,000                           |
| Nursing Facility Federal Reimbursement Allowance Fund                  | 183,149,454            | 192,000,000              | 192,000,000        | 192,000,000                       |
| Temporary Assistance for Needy Families - Federal Funds                | 168,238,357            | 170,709,649              | 168,864,078        | 154,762,878                       |
| DSS - Federal and Other Funds  | 539,471,350            | 559,363,257              | 573,995,848        | 567,481,270                       |
| Uncompensated Care Fund  | 87,900,000             | 87,900,000               | 87,900,000         | 87,900,000                        |
| Pharmacy Rebates Fund  | 43,301,371             | 48,110,449               | 48,110,449         | 48,110,574                        |
| Third Party Liability Collections Fund                                 | 22,638,257             | 14,461,812               | 15,211,812         | 15,215,458                        |
| Intergovernmental Transfer Fund  | 280,330,326            | 155,390,420              | 33,000,000         | 33,000,000                        |
| Division of Family Services Donations Fund                             | 103,696                | 134,000                  | 134,000            | 134,000                           |
| Division of Aging Donations Fund                                       | 0                      | 1,000                    | 0                  | 0                                 |
| Child Support Enforcement Collections Fund                             | 14,329,694             | 17,275,922               | 17,275,922         | 13,737,405                        |
| Nursing Facility Quality of Care Fund                                  | 140,558                | 80,655                   | 80,655             | 81,185                            |
| Health Initiatives Fund  | 18,349,899             | 19,989,021               | 20,303,613         | 20,306,972                        |
| Gaming Commission Fund   | 449,875                | 500,000                  | 500,000            | 500,000                           |
| DSS Administrative Trust Fund  | 5,430,037              | 6,229,332                | 6,229,332          | 6,229,379                         |
| DSS Educational Improvement Fund                                       | 3,850,432              | 4,704,509                | 4,704,509          | 6,227,749                         |
| Blind Pension Fund   | 18,336,971             | 19,482,372               | 21,619,596         | 23,246,974                        |
| Tort Victims' Compensation Fund  | 750,000                | 0                        | 0                  | 0                                 |
| Healthy Families Trust Fund-Health Care Treatment and Access Account   | 69,255,508             | 50,959,100               | 50,959,100         | 50,959,100                        |
| Healthy Families Trust Fund-Early Childhood Care and Education Account | 4,790,781              | 0                        | 0                  | 0                                 |
| Legal Services for Low-Income People Fund                              | 750,000                | 1,010,830                | 1,010,830          | 1                                 |
| Youth Services Treatment   | 0                      | 1,000                    | 1,000              | 1,000                             |
| Early Childhood Development, Education and Care Fund                   | 12,344,758             | 28,218,186               | 14,845,424         | 16,077,696                        |
| Premium Fund   | 302,333                | 1,082,500                | 4,837,940          | 4,837,940                         |
| Alternative Care Trust Fund  | 10,341,417             | 9,167,000                | 9,167,000          | 9,167,000                         |
| Full-time equivalent employees   | 9,464.95               | 9,273.27                 | 9,213.27           | 9,037.29                          |

\* Does not include \$237,456,216 recommended in Fiscal Year 2003 Supplemental Appropriations, including \$67,142,582 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Social Services supplemental appropriations.

## **DEPARTMENT OF SOCIAL SERVICES**

### **POLICY SUMMARY**

Governor Holden's Fiscal Year 2004 budget provides a total of \$5.6 billion for the Department of Social Services to provide support for Missouri's most vulnerable populations.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant challenge the state has faced since the Depression. The Fiscal Year 2004 budget includes substantial core reductions. However, the budget also recognizes that the state cannot cut its way out of the current fiscal problems without severely reducing essential services provided to Missourians. General revenue budget increases have been limited to mandatory programs. Governor Holden's priorities are protecting the state's investment in education and ensuring that our most vulnerable citizens – children, the elderly, and disabled – are shielded to the greatest extent possible from budget reductions.

A struggling child welfare system furthers the challenges for the state and the Department of Social Services. In Fiscal Year 2004 Governor Holden's budget includes a complete reorganization of the Department of Social Services family support and child protective functions, and flexibility to implement privatization in the newly created Children's Division and the Family Support Division. Core reductions for the department, including Medicaid cost containment measures, are also recommended to ensure a balanced budget for Fiscal Year 2004. The Governor has protected vital programs providing services to children and youth from these reductions.

### **REORGANIZATION AND PRIVATIZATION**

Governor Holden's social services budget for Fiscal Year 2004 includes a reorganization of the services provided by the department affecting the welfare of Missouri's families and the protection of Missouri's children. This reorganization includes eliminating the Division of Child Support Enforcement, transferring the child support collection contract to the Department of Revenue, transferring workforce development functions to the Department of Economic Development, and creating a new Children's Division focused on protecting children.

Currently child welfare programs are just one focus, along with Medicaid and income assistance eligibility, of the large Division of Family Services. Governor Holden believes children entrusted to the state deserve the attention, priority, and care of a stand-alone Children's Division. In Fiscal Year 2002 Missouri children in the foster care system spent an average of 26.15 months in out-of-home care, resulting in decreased quality of life for these children and an increased cost to the state. To ensure the needs of these children are met, Governor Holden is encouraging the Children's Division to explore additional opportunities to privatize direct services for children with community agencies and non-profit organizations. Missouri presently dedicates \$22.9 million to privatized services for children including: resource contracts, case management, interdepartmental initiatives, family reunification services, and intensive in-home services. Focusing a single division on the welfare of children, the services, and lives of Missouri's children will be improved.

Reassigning the Division of Child Support Enforcement to other divisions, based on function, will improve the self-reliance of families collecting child support. Transferring collections to the Department of Revenue, workforce development to the Department of Economic Development, and remaining functions to the Family Support Division allows Governor Holden to eliminate the Division of Child Support Enforcement. By relocating these functions with the agencies that perform these operations on a regular basis, Governor Holden can limit bureaucracy and provide those both paying and collecting child support the assistance they need to meet their financial obligations, resulting in a decreased need for Medicaid benefits or Temporary Assistance.

The Department of Economic Development has valuable ties in communities statewide and has proven to provide the best services for gaining and retaining employment for Missourians. Due to this fact, Governor Holden recommends the transfer of workforce functions to the Department of Economic Development. Reassigning the workforce preparation and training functions for Missouri's Temporary Assistance clients ensures that Missouri citizens who are receiving these income maintenance benefits get the skills necessary to obtain and retain employment and gain financial independence. In Fiscal Year 2002 the Department of Economic Development, through job training and use of local workforce investment boards, moved 24,873 Missourians from below the poverty level to self-sufficiency.

Finally, Governor Holden recommends replacing the Division of Family Services with a focused Family Support Division that will maintain all income maintenance functions and include the child support orders and locate function of the eliminated Division of Child Support Enforcement. Focusing solely on family support, eligibility services will be streamlined and families owed child support will become more self-sufficient.

In order to provide the best possible services to Missouri's children and families, Governor Holden recommends:

- \$502.2 million reallocated from the Division of Family Services for the new Children's Division.
- \$3.5 million reinvested in the workforce programs due to transfer of programs and elimination of staff.
- Flexible appropriations language allowing both the Children's and Family Support divisions to privatize direct services.

## DEPARTMENT OF SOCIAL SERVICES

### POLICY SUMMARY (Continued)

Some performance measures that will be used to evaluate the effectiveness of this reorganization for children, TANF clients entering the workforce, and child support collections:

|  | FY 2002 | FY 2003 | FY 2004 |
|--|---------|---------|---------|
| Families Served Through Family Reunification             | 264     | 264     | 264     |
| Families Receiving Intensive In-Home Services            | 1,562   | 1,700   | 1,700   |
| Children Moving from Foster Care to Permanent Placements | 7,223   | 7,288   | 7,354   |

### **MEDICAID COST CONTROLS**

The Centers for Medicare and Medicaid Services (CMS) continues to predict health care spending will grow faster than gross domestic product (GDP). In addition, the current recession and rising unemployment have contributed to increased enrollment in the Medicaid Program. Because of rising health care costs and the crisis Missouri is currently experiencing associated with stagnant revenues, the Governor's budget includes numerous cost containment measures to curtail escalating Medicaid expenditures. Even with the implementation of these cost containment efforts in the state's Medicaid Program, Governor Holden continues to be committed to ensuring children continue to receive access to vital health care coverage through the Medicaid Program. No child will lose health insurance coverage as a result of these cost control efforts. Fiscal Year 2004 cost control efforts include:

*Pharmacy cost containment:* Current publications in pharmacy benefit management resources indicate the rate of increase for prescription drug programs in calendar year 2004 to be about 14 percent. These increases are attributable to the price and mix of the products dispensed and the increased number of prescriptions utilized. The mix refers to new therapies replacing old therapies and new therapies not previously available to treat a specific disease. In order to control these increased costs, Governor Holden recommends several measures. The Division of Medical Services will secure federal approval and implement a preferred drug list with supplemental rebates. The Governor also recommends continuation of the pharmacy provider tax. The federal government only approved the current method of taxing for one year. For Fiscal Year 2004 legislation will be proposed to align the tax so it is in compliance with the partnership agreement between Missouri and the Centers for Medicare and Medicaid Services. Expanding step therapy will ensure that Medicaid recipients receive the most medically appropriate prescriptions. In addition, enacting copayments for prescriptions and reducing ingredient reimbursement are recommended. These changes are consistent with private industry practice and cost containment efforts undertaken by other states. Estimated savings in Fiscal Year 2004 for all pharmacy cost containment proposals are \$81.9 million.

*Copayments for medical services:* Governor Holden recommends copayment requirements on recipients receiving medical services in the Medicaid program. Nominal copayments should encourage prudent use of services and is consistent with private industry practice and cost containment efforts undertaken by other states. Estimated savings in Fiscal Year 2004 are \$46.8 million.

*Eliminating optional Medicaid services for adults:* Although Missouri has opted to cover dental services for adults in the Medicaid system in the past, it has become necessary to end coverage provided for this optional Medicaid service. Estimated savings in Fiscal Year 2004 are \$14.5 million.

*Reducing non-emergency transportation costs:* As a method to generate some additional savings in the Medicaid Program, the Division of Medical Services will discontinue the existing contract as of June 30, 2003, and rebid to better control costs. Estimated savings in Fiscal Year 2004 are \$12 million.

*Prior authorization of optional services:* Limits through prior authorization will be placed on counseling and therapeutic services provided through the Medicaid Program. This is consistent with current practices requiring prior authorization on prescriptions and the processes applied by private insurance providers. Estimated savings for Fiscal Year 2004 are \$3.6 million.

## DEPARTMENT OF SOCIAL SERVICES

### POLICY SUMMARY (Continued)

In order to address caseload growth and inflationary increases for health care services, the Governor's Fiscal Year 2004 budget includes:

- \$216.3 million for the additional anticipated costs of existing Medicaid programs to ensure that all program cores are sufficiently funded to meet projected expenditures.
- \$140.6 million for increased costs and utilization of pharmacy prescriptions by the elderly and those with disabilities, and other anticipated increases.
- \$112.4 million for anticipated caseload increases in Medicaid programs.
- \$65.0 million to replace one-time intergovernmental transfer funding in various Medicaid programs.
- \$25.8 million to provide a trend factor for managed care of 6.8 percent in the eastern and central regions and a 7.0 percent blended rate in the western region.
- \$24.6 million for the remaining months of the Fiscal Year 2003 managed care trend factor.
- \$8.6 million to replace one-time hospital provider tax funding for managed care. In Fiscal Year 2003 a total of \$30 million one-time hospital provider tax was appropriated. In Fiscal Year 2004 an increase to the hospital provider tax will replace a majority of the one-time funds.
- \$7.7 million to provide reimbursement to psychologists that serve Medicaid eligible adults as a result of a recent lawsuit.
- \$5.3 million to compensate for anticipated increases in Medicare Part A & B premiums.

**DEPARTMENT OF SOCIAL SERVICES  
DEPARTMENTAL ADMINISTRATION**

**ADMINISTRATIVE SERVICES**

Departmental Administration includes the director, the director's staff, and the personnel and labor relations section. The director sets policy for the department and ensures implementation of its mandates. The personnel and labor relations section administers a personnel program and human resource management system to serve the department's employees.

The Division of Budget and Finance prepares the department's budget requests, financial reports, and all fiscal notes. Other responsibilities include maintenance of support mechanisms to ensure timely payments to clients, vendors and staff, and timely receipt and disposition of the department's revenues.

The Division of General Services provides a variety of services that support the operations of the department, including working with all communications systems, providing necessary minor office renovations, coordinating the inventory and distribution of office equipment and furniture, and processing requests for lease or purchase of equipment and services.

The Division of Legal Services is responsible for providing legal services for all of the divisions within the department, providing due process hearings for recipient appeals, investigating fraud and abuse of public assistance programs, conducting background investigations on department employees prior to employment, designing and obtaining management reports on fraud collections, and ensuring compliance with the United States Department of Agriculture and the United States Department of Health and Human Services' requirements relating to discrimination complaints.

The Information Services and Technology Division is responsible for the development, maintenance, and operation of the department's data processing system. The division processes data on recipients and vendors, prints checks and vendor payments, and provides management reports to other divisions in the department.

**Fiscal Year 2004 Governor's Recommendations**

- \$1,000,000 federal funds for contractors who assist the department with revenue maximization projects.
- \$370,000 cost-to-continue the Fiscal Year 2003 supplemental appropriations payments to counties for neglected and delinquent children.
- \$100,546 and three staff core reallocated from the Family Support Division for the Child Fatality Review Board, including \$40,845 general revenue.
- \$104,907 for pay plan, including \$69,734 general revenue.
- \$1,912 transferred from Statewide Leasing for parking leases, including \$1,128 general revenue.
- (\$2,005,254) and (5.84) staff in core reduction from the Fiscal Year 2003 appropriation level for legal aid grants, administrative expenses, and empty authority, including (\$714,014) general revenue.

**DEPARTMENT OF SOCIAL SERVICES  
FAMILY SUPPORT DIVISION**

**ADMINISTRATIVE SERVICES**

Administrative Services provides management, coordination, and general direction to all Family Support programs. The division director and staff monitor the efficiency and effectiveness of Income Maintenance and Child Support programs, develop the division's five-year plan, train supervisory and line staff, monitor contracts, review federal regulations, develop state regulations, and coordinate all fiscal reporting tasks for the division.

**Fiscal Year 2004 Governor's Recommendations**

- \$14,909,316 and 223.16 staff core reallocated from the Division of Family Services and the Division of Child Support Enforcement for the creation of the new Family Support Division, including \$1,541,538 general revenue.
- \$1,291,271 to fund the Electronic Benefits Transfer contract, including \$816,471 general revenue.
- \$554,366 and 15 staff to implement the federally mandated National Medical Support Notice to enforce health care coverage by non-custodial parents in child support orders, including \$188,484 general revenue.
- \$307,670 federal funds for the Child Support Lien Network to increase collections of child support by matching insurance claim settlements and personal injury claims.
- \$2,082,025 for pay plan, including \$385,426 general revenue.
- \$43,498 transferred from Statewide Leasing for parking leases, including \$25,662 general revenue.
- (\$178,206,090) and (5,348.75) staff core reallocated from the Division of Family Services administration, including (\$57,864,650) general revenue.
- (\$3,451,996) federal funds transferred from the Division of Family Services to the Department of Economic Development, the Division of Workforce Development, for TANF workforce development functions.
- (\$1,576,000) federal and other funds one-time core reduction for Electronic Benefit Transfer contract implementation.
- (\$1,000,000) federal and other funds one-time core reduction for spenddown system changes.
- (\$100,546) and (three) staff core reallocated for the Child Fatality Review Board in the Division of Family Services, including (\$40,845) general revenue.
- (\$43,925) one-time core reduction for presumptive Medicaid eligibility for children, including (\$28,590) general revenue.

**INCOME MAINTENANCE**

Staff Services conducts day-to-day operations of Income Maintenance for Temporary and Needy Families (TANF) and child support recipients. Funds in these sections support income maintenance workers and child support technicians, administrative and supervisory staff, and clerical support positions in Family Support offices.

Temporary Assistance for Needy Families (formerly Aid to Families With Dependent Children) – TANF is a program designed to provide assistance to families so parents are not dependent on welfare payments and children do not grow up in poverty. Under federal welfare reform in 1996, TANF was designed to be a temporary assistance which, coupled with a myriad of other support services, would enable parents to find and retain employment, thereby enabling them to support their families without government assistance. Missouri continues to implement new, innovative programs designed to meet the diverse needs of TANF recipients.

Adult Supplementation – The federal government assumed responsibility for Old Age Assistance, Aid to the Permanently and Totally Disabled, and Aid to the Blind programs in January 1974 when it created the Supplemental Security Income (SSI) Program. Recipients who are eligible for SSI, but who receive smaller benefits than their December 1973 payments, receive payments from the state equal to the difference. Recipients who are not eligible for SSI, but who received payments under one of the earlier programs, receive payments from the state equal to the amount they received in December 1973. The caseload has been declining since 1973 as recipients die, become ineligible through income changes, or leave the state.

Grandparents as Foster Parents – Caring for a grandchild often places additional financial, social, and psychological strain on grandparents with fixed incomes. Grandparents as Foster Parents was established to provide payments to grandparents who have either legal guardianship or legal custody of their minor grandchildren.

Nursing Care – This state-funded program makes monthly cash payments to residents of nursing and residential care homes who are eligible for Medicaid, but occupy a facility not certified for Medicaid, or who receive care in a Residential Care I or II facility. The type of facility appropriate for clients is to a great extent dictated by their level of need for care. Minimal medical care is provided in Residential Care I, more in Residential Care II, and significantly more in Intermediate Care. Supplemental Nursing Care recipients also are provided an allowance each month for personal needs such as toiletries, transportation, and hair care.

**DEPARTMENT OF SOCIAL SERVICES  
FAMILY SUPPORT DIVISION**

**INCOME MAINTENANCE (Continued)**

Blind Pension and Supplemental Aid to the Blind – Three separate programs assist blind persons. The first, Supplemental Aid to the Blind, pays benefits to those who meet certain income requirements. The second, Blind Pension, aids the blind that do not qualify for Supplemental Aid to the Blind and who do not own property – excluding homes – worth more than \$20,000. Currently both programs provide a maximum monthly grant of \$398 unless the claimant qualifies for a higher payment by residing in a licensed nursing home. The third program, Adult Supplemental Payments, aids those who received state assistance before the federal SSI Program began in 1974, but who receive less from SSI than from the earlier program. New cases that meet the state's 1973 guideline also may be certified for assistance. All of these programs are funded from an earmarked state property tax that provides revenue to the blind pension fund.

Community Services Block Grant (CSBG), Emergency Shelter Grants, Homeless Funding, and Refugee Assistance – CSBG funds are used to strike at six causes of poverty: unemployment, inadequate education, malnutrition, inadequate housing, unmet emergency needs, and poor use of income. Federal statutes require that 90 percent of CSBG funding be passed through to Community Action Agencies. The Emergency Shelter Grants Program provides grants to local governments to be used for renovation or conversion of buildings for emergency shelters and to help meet the cost of emergency shelter operations. Homeless Challenge Grants offer local communities matching funds to establish programs to combat homelessness. The Refugee Assistance Program provides services to help refugees overcome language barriers, acquire or adapt vocational skills, and adjust to their new environment.

Surplus Food Distribution – The federally funded Surplus Food Distribution Program enables Family Support to store, ship, and distribute processed surplus commodity food to eligible individuals, families, charitable institutions, and organizations.

Energy Assistance – The Low-Income Home Energy Assistance Program (LIHEAP) is a federally funded block grant, which provides heating assistance payments, crisis assistance, and weatherization services to low-income households.

**Fiscal Year 2004 Governor's Recommendations**

- \$92,769,074 and 3,071.37 staff core reallocated from the Division of Family Services field and line staff, including \$27,989,647 general revenue.
- \$3,540,191 federal funds cost-to-continue the Fiscal Year 2003 supplemental appropriations for the Community Services Block Grant Program.
- \$1,223,424 other funds to increase the blind pension benefit payment by \$27 per month.
- \$1,143,585 federal funds transferred from the Office of Administration to the TANF Program for fringe savings from reducing staff and transferring workforce development functions to the Department of Economic Development, the Division of Workforce Development.
- \$710,590 core reallocated from the Division of Family Services for family support staff training, including \$545,999 general revenue.
- \$563,800 other funds for caseload growth in the Blind Pension Program.
- \$350,000 other funds cost-to-continue the Fiscal Year 2003 supplemental appropriations payments due to caseload growth for the Blind Pension Program.
- (\$14,128,085) transferred to the Department of Economic Development, the Division of Workforce Development, for the Direct Client Services Program, including (\$2,000,000) general revenue.
- (\$6,290,000) federal and other funds core reduction resulting in elimination of the General Relief Program.
- (\$4,016,201) other funds core reduction for the Community Partnership Program, resulting from the loss of one-time revenue.
- (\$1,800,000) federal funds transferred to the Department of Economic Development, the Division of Workforce Development for Food Stamp Training Program.
- (\$1,143,585) core reduction from the TANF Program, this cut is offset with the transfer from the Office of Administration due to reduced fringes.
- (\$480,343) core reduction from the Fiscal Year 2003 appropriation level for the Missouri Mentoring Partnership Program.
- (\$40,000) core reduction in the Adult Supplementation Program due to caseload decline.
- (\$14,977) core reduction from the Fiscal Year 2003 appropriation level for administrative services.
- (106) staff core reduction due to the reinvestment of personal service dollars as a result of the TANF workforce development function being transferred to the Department of Economic Development, the Division of Workforce Development.

**DEPARTMENT OF SOCIAL SERVICES  
FAMILY SUPPORT DIVISION**

**SERVICES FOR THE BLIND**

Professional staff in Rehabilitation Services for the Blind counsel and train blind and other visually impaired Missourians, arranges for the purchase of other services, and help the blind find jobs. Services include rehabilitation, vocational rehabilitation, diagnosis and treatment of eye disease, equipment and supplies for blind preschool children, the Public Building Vending Program, and the Readers for the Blind Program.

**Fiscal Year 2004 Governor's Recommendations**

- \$1,239,935 other funds to replace the core reduction of programs provided for the visually impaired.
- \$387,443 other funds and 8.76 staff to replace the core reduction of the blind pension administration.
- \$2,390 transferred from Statewide Leasing for parking leases, including \$1,410 general revenue.
- (\$1,239,935) core reduction to be replaced with blind pension funds.
- (\$387,443) and (8.76) staff in core reduction to be replaced with blind pension funds.

**CHILD SUPPORT ENFORCEMENT**

Child support enforcement locates missing parents; helps establish paternity, medical support, and financial child support obligations; and collects and disburses support payments both for Temporary Assistance for Needy Families (TANF) and for participating non-TANF families. The state retains approximately 33 percent of all child support collected on TANF cases. The division also supports development of the Missouri Automated Child Support System (MACSS) as required by the Family Support Act of 1988.

Local Agreements – This funding supports contractual agreements with local governments to assist the division with paternity cases. Agreements also exist to assist the division with all types of child support referrals through the establishment of multi-county full service centers.

Reimbursement to Counties – This program provides reimbursement to counties that have signed a cooperative agreement with the Department of Social Services (DSS). Child support collection and prosecution costs incurred by the counties are reimbursed by the federal government at a rate of 66 percent.

Federal Reimbursement/Local Incentives – This appropriation provides a mechanism for disbursing the federal and local share of TANF child support collections received by DSS.

State Tax Refund Distribution – This appropriation provides a mechanism for reimbursing absent parents for child support payments over-collected from garnished state tax returns.

**Fiscal Year 2004 Governor's Recommendations**

- \$39,314,078 and 1,107.62 staff reallocated from the Division of Child Support Enforcement to set up child support orders, including \$929,365 general revenue.
- \$700,000 federal funds for reimbursements to counties for child support related expenses.
- \$67,800 transferred from Statewide Leasing for parking leases, including \$40,000 general revenue.
- (\$46,761,817) and (1,211.28) staff reallocated to the Family Support Division from the Division of Child Support Enforcement, including (\$1,028,542) general revenue.
- (\$7,875,168) and (three) staff transferred to the Department of Revenue, the Division of Taxation, for the child support collections function, including (\$909,781) general revenue.
- (\$3,426,903) federal and other funds core reduction of empty authority from the Parent's Fair Share Program.
- (\$2,281,483) federal and other funds transferred to the Department of Economic Development, the Division of Workforce Development, for the Parent's Fair Share Program.
- (\$374,180) core reduction from the Fiscal Year 2003 appropriation level for administrative services and mediation programs for child support cases.
- (\$17,568) federal and other funds and (one) staff in core reduction from Child Support Administration due to the transfer of child support collection functions to the Department of Revenue, the Division of Taxation.
- (47.63) staff from the Parent's Fair Share Program. Dollars resulting from staff core reduction have been reinvested in the Parent's Fair Share Program.



# DEPARTMENT OF SOCIAL SERVICES

## FAMILY SUPPORT DIVISION

|  | FY 2002<br>EXPENDITURE | FY 2003<br>APPROPRIATION | GOVERNOR<br>RECOMMENDS<br>FY 2004 |
|--|------------------------|--------------------------|-----------------------------------|
| Number of Families Receiving TANF (Annually)   | 48,992                 | 48,775                   | 48,775                            |
| Average Monthly Payment Per Household          | \$236                  | \$233                    | \$231                             |
| Average Length of Time on TANF (Months)        | 21                     | 21                       | 21                                |
| Family Support Administration                  | \$ 7,335,585           | \$ 12,360,245            | \$ 29,928,893                     |
| Family Services Administration                 | 184,384,886            | 182,759,059              | 0                                 |
| Income Maintenance Field Staff and Operations  | 0                      | 0                        | 92,754,097                        |
| Income Maintenance Staff Training              | 0                      | 0                        | 710,590                           |
| Community Partnerships                         | 0                      | 18,361,942               | 13,865,398                        |
| Direct Client Support                          | 13,142,615             | 14,128,085               | 0                                 |
| Bootheel Project                               | 820,000                | 0                        | 0                                 |
| Community Initiatives                          | 6,674,831              | 0                        | 0                                 |
| Grace Hill                                     | 102,971                | 0                        | 0                                 |
| Lindbergh Family Center                        | 244,908                | 0                        | 0                                 |
| Food Stamp Training                            | 4,655,407              | 7,182,000                | 5,382,000                         |
| Temporary Assistance for Needy Families (TANF) | 140,038,037            | 141,602,175              | 141,602,175                       |
| Grandparent Foster Care                        | 6,714,834              | 7,282,030                | 7,282,030                         |
| Adult Supplementation                          | 236,870                | 250,000                  | 210,000                           |
| Supplemental Nursing Care                      | 25,103,910             | 25,538,684               | 25,538,684                        |
| General Relief                                 | 8,323,278              | 6,290,000                | 0                                 |
| Supplemental Security Income                   | 2,850,098              | 4,000,000                | 4,000,000                         |
| Blind Pension                                  | 17,431,046             | 18,443,348               | 20,580,572                        |
| Refugee Assistance                             | 3,478,628              | 3,812,553                | 3,812,553                         |
| Community Services Block Grant                 | 15,601,833             | 15,603,980               | 19,144,171                        |
| Homeless Challenge Grant                       | 302,916                | 500,000                  | 500,000                           |
| Emergency Shelter Grants                       | 1,292,603              | 1,340,000                | 1,340,000                         |
| Food Distribution Programs                     | 863,052                | 1,000,000                | 1,000,000                         |
| Food Stamp Wage Supplement                     | 6,036                  | 0                        | 0                                 |
| Energy Assistance                              | 35,849,806             | 31,794,695               | 31,794,695                        |
| Blind Administration                           | 4,510,398              | 4,990,765                | 4,993,155                         |
| Services for the Visually Impaired             | 5,271,547              | 6,734,935                | 6,734,935                         |
| Child Support Field Staff and Operations       | 0                      | 0                        | 38,939,898                        |
| Child Support Enforcement Administration       | 49,363,300             | 54,684,995               | 0                                 |
| Child Support Distributions                    | 53,867,700             | 47,090,000               | 47,790,000                        |
| Parent's Fair Share Program                    | 2,041,438              | 5,610,144                | 0                                 |
| TOTAL  | \$ 590,508,533         | \$ 611,359,635           | \$ 497,903,846                    |
| General Revenue Fund                           | 127,218,816            | 131,764,313              | 98,675,444                        |
| Department of Social Services - Federal Funds  | 426,846,139            | 433,630,405              | 364,409,454                       |
| Other Funds                                    | 36,443,578             | 45,964,917               | 34,818,948                        |

## DEPARTMENT OF SOCIAL SERVICES

### CHILDREN'S DIVISION

Administrative Services provides management, coordination, and general direction for all Children's Division programs. The division director and staff monitor the effectiveness of programs that promote permanency for Missouri's children. Administrative Services also trains supervisory and line staff, monitors contracts, reviews federal regulations, develops state regulations, and coordinates all fiscal reporting tasks for the division.

Staff services conducts the direct day-to-day operations of the Children's Division. Funds in the section support social service workers, administrative and supervisory staff, and clerical support positions in Children's Division offices.

Purchase of Childcare – A key to successful welfare reform is access to affordable childcare. Without childcare assistance, many parents could not participate in job training, education, or maintain employment, which would allow them to become self-sufficient and end their dependence on government assistance. In the 1998 legislative session, the General Assembly passed HB 1519. This bill created the early childhood development, education and care fund to support programs that prepare pre-kindergarten children to enter school ready to learn. The Educare Program is another important piece of the Childcare Program. It works within communities to increase a child's educational opportunities through enhanced services offered to providers and families to ensure that children will be ready to learn when they enter school.

Children's Treatment Services, Child Abuse and Neglect Grant, and Intensive In-Home Services – This program provides intensive family-centered services to child abuse victims and their parents. Specific services include family therapy, homemaker services, respite care, parent aides, childcare, crisis nursery services, and incentive subsidies to encourage local units of government to develop community programs to combat child abuse and neglect. The Family Reunification Program provides home-based services aimed at reuniting children with their families. The Family Preservation Program provides intensive, in-home services to help prevent placement of children in foster care and keep children with their families.

Foster Care, Children's Account, Adoption Subsidy, and Subsidized Guardianship – This program provides monthly room and board payments for children in the custody and care of Family Support. Current room and board rates for age groups are as follows: 0-5 years, \$227; 6-12 years, \$277; and 13 and over, \$307. Payments also are made for non-Medicaid medical and dental services, clothing, transportation, foster parent training, and other needs. Children in state custody may receive funds from a variety of sources, including SSI and child support payments. These monies are used to offset the cost of maintaining the child in foster care and to pay for any special expenses of the child. The Adoption Subsidy Program and Subsidized Guardianship Program provide financial assistance to parents who adopt special needs children.

Children's Programs Pool – In the Fiscal Year 1992 budget, a separate pool appropriation was developed for services for children and families. Each line item for the following children's programs was reduced by ten percent to create a Children's Programs Pool: Children's Treatment Services, Family Preservation, Foster Care, Adoption Subsidy, and Independent Living. This pooled appropriation allows flexible spending within these children's service areas.

Residential Treatment, Independent Living, and IV-E Court Contracts – Residential facilities are used when foster care cannot meet the children's treatment needs. The division contracts with a wide range of treatment programs ranging from small group homes to large, self-contained resident campuses. Facilities must be licensed and meet the division's standards for alternative care. Transitional/Independent Living Programs assist foster care children, ages 15 to 21, in learning the necessary skills for the transition from foster care to adult independent living in the community. IV-E Court Contracts allow Family Support to pass through federal funds to be used for reimbursement to counties for children placed in the custody of the juvenile court and who are placed in juvenile court residential facilities.

Psychiatric Diversion – This program's primary purpose is to keep children out of expensive inpatient psychiatric hospitals, while providing them with the necessary services to help them deal with their severe behavioral and emotional problems.

Domestic Violence – This program provides grants to local communities for family violence shelters or services. Grants may be used for emergency shelters, counseling, and education services for families in community-based shelters.

## DEPARTMENT OF SOCIAL SERVICES

### CHILDREN'S DIVISION (Continued)

#### Fiscal Year 2004 Governor's Recommendations

- \$69,595,894 and 2,035.62 staff core reallocated from the Family Support Division for frontline work with abuse and neglected children and staff training, including \$26,535,912 general revenue.
- \$13,372,762 to replace one-time early childhood development, education and care funding for subsidies in the Purchase of Childcare Program.
- \$7,668,955 and 122.25 staff core reallocated from the Family Support Division for administration of the Children's Division, including \$1,350,731 general revenue.
- \$6,877,571 cost-to-continue the Fiscal Year 2003 supplemental appropriations for adoption and subsidized guardianship caseload growth, including \$4,581,603 general revenue.
- \$6,865,373 for caseload growth in the Adoption and Subsidized Guardianship Program, including \$4,246,516 general revenue.
- \$1,264,662 cost-to-continue the Fiscal Year 2003 supplemental appropriations for Foster Parent Professional Parenting Maintenance, including \$686,585 general revenue.
- \$1,232,272 other funds for increases in early childhood programs.
- \$934,475 for pay plan, including, \$380,888 general revenue.
- \$2,134,462 federal funds transferred from the Department of Health and Senior Services to gain efficiencies in the Purchase of Childcare Program.
- \$270,000 federal funds transferred from the Department of Elementary and Secondary Education to gain efficiencies in the Purchase of Childcare Program.
- (\$13,372,762) other funds core reduction of one-time funding source in subsidies for the Purchase of Childcare Program.
- (\$406,468) and (four) staff transferred to the Office of Administration for a Children's Ombudsman Office, including (\$272,334) general revenue.
- (\$316,667) core reduction from the Fiscal Year 2003 appropriation level in grants provided to child assessment centers.

# DEPARTMENT OF SOCIAL SERVICES

## CHILDREN'S DIVISION

|   | FY 2002<br>EXPENDITURE | FY 2003<br>APPROPRIATION | GOVERNOR<br>RECOMMENDS<br>FY 2004 |
|---|------------------------|--------------------------|-----------------------------------|
| Average Number of Children Receiving Childcare Per Month                        | 46,260                 | 46,750                   | 47,300                            |
| Individuals Served Through Children's Treatment<br>Services (Average Per Month) | 1,300                  | 1,100                    | 1,100                             |
| Number of Adoptions Finalized   | 1,372                  | 1,300                    | 1,300                             |
| Average Length of Time in Care Prior to Adoption (Months)                       | 33.2                   | 33.0                     | 33.0                              |
| Children in Residential Treatment Centers (Average Per Month)                   | 2,058                  | 2,058                    | 2,058                             |
| Children in Transitional/Independent Living (Annually)                          | 3,000                  | 3,000                    | 3,000                             |
| Number of Children Receiving Psychiatric Diversion Services                     | 1,518                  | 1,500                    | 1,500                             |
| Children's Administration   | \$ 0                   | \$ 0                     | \$ 8,386,539                      |
| Children's Field Staff and Operations   | 0                      | 0                        | 67,748,275                        |
| Children's Staff Training   | 0                      | 0                        | 1,658,042                         |
| Children's Treatment Services   | 13,515,830             | 13,815,862               | 13,815,862                        |
| Foster Care   | 39,851,174             | 38,422,603               | 39,687,265                        |
| Adoption and Subsidized Guardianship  | 47,789,512             | 46,381,336               | 60,124,280                        |
| Independent Living  | 4,947,068              | 5,171,122                | 5,171,122                         |
| Children's Programs Pool  | 19,152,014             | 18,952,179               | 18,952,179                        |
| Child Assessment Centers  | 2,018,863              | 2,375,000                | 2,058,333                         |
| Residential Treatment Services  | 69,552,803             | 69,727,146               | 69,727,146                        |
| Psychiatric Diversion   | 16,252,651             | 16,252,651               | 16,252,651                        |
| Caring Communities  | 4,991,060              | 0                        | 0                                 |
| IV-E Court Contracts  | 128,129                | 700,000                  | 700,000                           |
| Domestic Violence   | 4,893,463              | 5,987,653                | 5,987,653                         |
| Child Abuse and Neglect Grant   | 501,518                | 1,000,000                | 1,000,000                         |
| Foster Care Childrens Account   | 10,341,417             | 9,000,000                | 9,000,000                         |
| Purchase of Child Care  | 174,601,168            | 178,329,174              | 181,965,908                       |
| TOTAL   | \$ 408,536,670         | \$ 406,114,726           | \$ 502,235,255                    |
| General Revenue Fund  | 180,029,387            | 168,397,874              | 218,963,870                       |
| Federal Funds   | 201,030,327            | 200,551,238              | 257,939,623                       |
| Other Funds   | 27,476,956             | 37,165,614               | 25,331,762                        |

## **DEPARTMENT OF SOCIAL SERVICES**

### **DIVISION OF YOUTH SERVICES**

The Division of Youth Services (DYS) is divided into three functional areas: Management and Development, Residential Services, and Alternative Services.

Management and Development is the central administrative unit with overall responsibility for designing, implementing, managing, and evaluating all programs operated by the division. Five regional offices supplement the efforts of central office staff and assure program efficiency and effectiveness at the local level.

Residential Services provides youthful offenders with structured rehabilitation programs when placement at home is no longer an option. Educational Services, a component of this program area, provides academic and vocational education to youth in residential placement. The division has six secure facilities: Northwest Regional Youth Center in Jackson County, Hogan Street Youth Center in St. Louis City, Fulton Treatment Center in Callaway County, Mount Vernon Treatment Center in Lawrence County, Hillsboro Treatment Center in Jefferson County, and St. Joseph Treatment Center in Buchanan County. The division also operates 17 moderately secure facilities and 6 community-based facilities.

Alternative Services helps youthful offenders adjust to acceptable norms of behavior. The division provides several types of alternative services: case management and classification; community care which includes day treatment, intensive supervision, and alternative living; aftercare; and the Juvenile Court Diversion Program. Case management and classification involves evaluating youths' needs before they are assigned to one of the division's programs and managing their service delivery plan during their entire length of stay with the division. Primary care involves treatment of youth in the community without the youth being placed in a DYS facility. Alternative living purchased by the division includes foster care and proctor care for juveniles who cannot return to their facility. Day treatment programs provide intensive treatment services for youth who continue to live at home. Intensive supervision provides tracking and mentoring to youth in the community. Aftercare is the provision of counseling and other services to help juveniles return to their families and communities when released from one of the division's facilities. Finally, the Juvenile Court Diversion Program encourages local communities to develop programs to divert youth from commitment to DYS.

#### **Fiscal Year 2004 Governor's Recommendations**

- \$1,484,028 other funds to replace general revenue core reduction.
- \$682,795 for pay plan, including \$524,389 general revenue.
- (\$1,694,255) and (four) staff in core reduction from the Fiscal Year 2003 appropriation level for administrative services.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF MEDICAL SERVICES**

**FINANCIAL SUMMARY**

|   | FY 2002<br>EXPENDITURE  | FY 2003<br>APPROPRIATION | GOVERNOR<br>RECOMMENDS<br>FY 2004 |
|---|-------------------------|--------------------------|-----------------------------------|
| Administrative Services                   | \$ 49,646,062           | \$ 52,239,994            | \$ 56,371,063                     |
| Medicaid Vendor Payments and Managed Care | 4,359,453,186           | 4,118,913,458            | 4,382,333,830                     |
| State Medical                             | 29,671,392              | 33,220,497               | 36,925,682                        |
| <b>DIVISIONAL TOTAL</b>                   | <b>\$ 4,438,770,640</b> | <b>\$ 4,204,373,949</b>  | <b>\$ 4,475,630,575</b>           |
| General Revenue Fund                      | 804,454,320             | 711,805,614              | 876,593,780                       |
| Federal Funds                             | 3,118,215,777           | 3,127,966,705            | 3,340,688,723                     |
| Uncompensated Care Fund                   | 87,900,000              | 87,900,000               | 87,900,000                        |
| Pharmacy Rebates Fund                     | 43,301,371              | 48,110,449               | 48,110,574                        |
| Third Party Liability Collections Fund    | 21,951,472              | 13,311,881               | 14,063,738                        |
| Intergovernmental Transfer Fund           | 275,810,963             | 144,077,714              | 33,000,000                        |
| Nursing Facility Quality of Care Fund     | 80,588                  | 80,655                   | 81,185                            |
| Health Initiatives Fund                   | 17,498,308              | 19,079,331               | 19,395,535                        |
| Healthy Families Trust Fund-Health Care   |                         |                          |                                   |
| Treatment and Access Account              | 69,255,508              | 50,959,100               | 50,959,100                        |
| Premium Fund                              | 302,333                 | 1,082,500                | 4,837,940                         |

**ADMINISTRATIVE SERVICES**

Medical Services staff oversees the operation of the Medicaid and State Medical programs. Responsibilities include provider reimbursement; provider enrollment and relations; monitoring changes in the health care professions and their payment structures; maintaining liaison with federal agencies involved in medical services; developing policies and procedures for the operation of the program; and developing new, innovative methods of controlling health care costs through managed care plans, alternative care programs, and third party liability collections.

**Fiscal Year 2004 Governor's Recommendations**

- \$3,009,936 for increased monthly operational costs of information systems necessary for compliance with federal law, including \$752,484 general revenue.
- \$1,500,000 federal and other funds to align appropriations with projected payments of third-party medical coverage.
- \$71,606 for pay plan, including \$30,104 general revenue.
- (\$326,322) and (4.5) staff in core reduction from the Fiscal Year 2003 appropriation level, including (\$163,161) general revenue.
- (\$124,151) for one-time expenditures, including (\$30,000) general revenue.

**MEDICAID VENDOR PAYMENTS AND MANAGED CARE**

The Medicaid Program (Title XIX of the Social Security Act) is a federal-state effort to pay the health care of those who cannot pay for their own care. Federal law sets the minimum provisions for any state that opts to administer a Medicaid Program. These include hospital, physician, laboratory, skilled nursing home care, home health care, and family planning services. Other allowable optional services in Missouri's Medicaid Program are prescription drugs, clinic services, ambulance, adult daycare, personal care services, homemaker and chore services, durable medical equipment, psychiatric services, rehabilitation services, long-term care, hospice, dental, and case management. The program also pays for Medicare premiums for eligible individuals.

The 1115 Waiver is a federal-state effort to pay for the health care of uninsured children up to 300 percent of poverty and uninsured working parents up to 77 percent of poverty. All adults receiving Medicaid as a result of this waiver will receive a commercial package of services equivalent to that offered to State of Missouri employees. Children will receive a package equal to Medicaid coverage without non-emergency transportation.

The State Medical Program allows child welfare services and Blind Pension recipients who are not eligible for the federal Medicaid Program to receive necessary non-institutional, nursing facility, and hospital medical care.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF MEDICAL SERVICES**

**MEDICAID VENDOR PAYMENTS AND MANAGED CARE (Continued)**

**MEDICAID EXPENDITURES  
SELECTED SERVICES AND ANNUAL TOTALS**

|                                       | FY 2002                 | FY 2003                 | FY 2004                 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|
| Pharmacy                              | \$ 730,165,968          | \$ 797,365,521          | \$ 938,015,557          |
| Physician                             | 235,124,762             | 270,064,952             | 293,358,859             |
| Dental                                | 18,535,052              | 13,321,312              | 9,363,572               |
| Home- and Community-Based Services    | 252,397,644             | 267,587,124             | 251,520,554             |
| Nursing Homes                         | 545,025,732             | 437,393,933             | 433,097,109             |
| Rehabilitation and Specialty Services | 87,155,849              | 119,185,432             | 112,081,035             |
| Managed Care                          | 486,032,769             | 625,024,783             | 752,703,137             |
| Hospital Care                         | 488,761,689             | 529,410,107             | 499,421,317             |
| Medicaid Supplemental Pool            | 515,347,249             | 173,700,000             | 72,845,426              |
| FRA, NFFRA, and UCC                   | 495,598,808             | 485,000,000             | 595,000,000             |
| Children's Health Insurance Program   | 77,511,197              | 102,762,126             | 95,763,170              |
| Mental Health Services                | 201,824,298             | 195,166,761             | 203,187,341             |
| Other Medicaid                        | 225,972,169             | 102,931,407             | 125,976,753             |
| <b>Grand Total</b>                    | <b>\$ 4,359,453,186</b> | <b>\$ 4,118,913,458</b> | <b>\$ 4,382,333,830</b> |

|  | FY 2002  | FY 2003  | FY 2004  |
|--|----------|----------|----------|
| Average number of Fee-for-Service eligibles*                 | 399,245  | 424,517  | 451,389  |
| Average monthly cost per eligible for Fee-for-Service*       | \$712.32 | \$721.44 | \$730.68 |
| Average number of eligibles enrolled in Managed Care*        | 337,640  | 404,594  | 484,825  |
| Average monthly cost per eligible for Managed Care*          | \$123.84 | \$138.57 | \$155.04 |
| Number of children receiving health care through 1115 Waiver | 74,623   | 83,011   | 91,301   |
| Average monthly cost per child in the 1115 Waiver            | \$91.77  | \$96.81  | \$102.14 |
| Number of total Early Childhood screenings                   | 188,326  | 193,976  | 199,795  |

\*Excludes 1115 Waiver

**Fiscal Year 2004 Governor's Recommendations**

- \$216,322,554 for additional anticipated costs of existing Medicaid programs to ensure that all program cores are sufficiently funded to meet projected expenditures, including \$69,574,918 general revenue.
- \$113,129,659 to address the anticipated increases in the Pharmacy Program due to new drugs, therapies, and inflation, including \$43,497,298 general revenue.
- \$112,355,531 for anticipated caseload increases in Medicaid programs, including \$39,318,491 general revenue.
- \$110,000,000 federal funds to align appropriations with projected expenditures associated with federal reimbursement allowance funds.
- \$51,968,346 to replace one-time intergovernmental transfer funding in the nursing facilities, managed care, and health care access cores, including \$29,051,868 general revenue.
- \$27,425,371 for increased costs and utilization of pharmacy prescriptions by the elderly and those with disabilities, including \$10,583,451 general revenue.
- \$25,759,295 to provide a trend factor for managed care of 6.8 percent in the eastern and central regions and a 7.0 percent blended rate in the western region, including \$9,509,754 general revenue.
- \$24,551,720 for the remaining months of the Fiscal Year 2003 managed care trend factor, including \$9,065,853 general revenue.
- \$16,788,283 for an adjustment to address the change in the federal participation percentage, including \$1,038,000 general revenue.
- \$9,731,640 federal and other funds to align appropriations with projected payments of Medicare premiums.
- \$8,572,381 to replace one-time federal reimbursement allowance funding in the managed care core.
- \$7,724,823 to provide funding for psychology services for adults covered under the Fee for Service Program, as required by a recent court judgment, including \$2,981,009 general revenue.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF MEDICAL SERVICES**

**MEDICAID VENDOR PAYMENTS AND MANAGED CARE (Continued)**

- \$5,266,416 to compensate for anticipated increases in Medicare Part A & B premiums, including \$2,031,900 general revenue.
- \$1,000,000 to replace one-time intergovernmental transfer funding for grants to Federally Qualified Healthcare Centers.
- \$135,664 for anticipated increases to Medicare hospice rates, including \$52,353 general revenue.
- (\$110,800,000) federal and other funds core reduction for one-time supplemental intergovernmental transfer transactions.
- (\$54,968,346) other funds core reduction for one-time intergovernmental transfer funding.
- (\$50,500,000) federal and other funds core reduction for hospital efficiencies.
- (\$44,649,351) core reduction for implementing recipient copayments for selected Medicaid services, including (\$13,426,597) general revenue.
- (\$30,000,000) core reduction for continuation of use of step therapy in the Pharmacy Program, including (\$11,550,000) general revenue.
- (\$26,265,444) federal funds core reduction in managed care for one-time federal hospital provider tax funding.
- (\$20,454,864) core reduction for implementing recipient copayments for prescriptions, including (\$7,893,532) general revenue.
- (\$16,788,283) core reduction due to changes in the federal participation rates, including (\$15,750,283) general revenue.
- (\$16,400,000) core reduction due to reduced pharmacy ingredient reimbursement, including (\$6,328,760) general revenue.
- (\$15,000,000) core reduction for a preferred drug list with supplemental rebates, including (\$5,775,000) general revenue.
- (\$13,500,000) federal funds core reduction in managed care for one-time federal hospital provider tax funding.
- (\$12,628,140) federal funds core reduction of excess funds in health care access for adults.
- (\$8,500,000) core reduction of excess funds for children's health care coverage, including (\$2,295,850) general revenue.
- (\$6,927,958) core reduction in nursing homes due to increases in patient surpluses, including (\$2,673,499) general revenue.
- (\$6,269,862) core reduction in physician payments to annualize the Fiscal Year 2003 reduction for Medicare repricing, including (\$2,419,540) general revenue.
- (\$5,621,762) federal and other funds core reduction for one-time grants to nursing homes.
- (\$5,602,650) federal funds core reduction to children's health care coverage for correction of Fiscal Year 2003 reduction.
- (\$5,159,855) core reduction for elimination of optional adult dental coverage, including (\$1,991,188) general revenue.
- (\$4,122,649) core reduction for home- and community-based services to annualize the Fiscal Year 2003 reduction for spenddown policy changes, including (\$1,590,930) general revenue.
- (\$4,000,000) and (75) staff transferred to the Department of Health and Senior Services, including (\$1,000,000) general revenue.
- (\$3,750,000) core reduction of the pilot prenatal and asthma disease management project in the Pharmacy Program, including (\$1,500,000) general revenue.
- (\$3,600,000) core reduction for implementation of prior authorization of counseling and therapy services in the Medicaid Program, including (\$1,389,240) general revenue.
- (\$700,000) other funds core reduction in one-time grants to programs of all-inclusive care for the elderly.
- (\$569,914) other funds core reduction of excess funds for hospitals.
- (\$500,000) core reduction associated with reinstatement of coverage of select cost-effective, over-the-counter drugs, including (\$192,950) general revenue.
- (\$16,464) core reduction for Medicare Part A Premium reduction, including (\$6,353) general revenue.
- (\$15,769) federal funds core reduction for QI-2 federal Medicare Premium Payment Program termination.

**STATE MEDICAL**

|   | FY 2001 | FY 2002 | FY 2003 |
|---|---------|---------|---------|
| Caseload average for Child Welfare Services         | 815     | 502     | 649     |
| Caseload average for Blind Pension                  | 2,729   | 2,798   | 2,880   |
| Caseload average for the Division of Youth Services | 579     | 614     | 654     |

**Fiscal Year 2004 Governor's Recommendations**

- \$10,000,000 to replace one-time intergovernmental transfer funding.
- \$2,098,269 cost-to-continue the Fiscal Year 2003 supplemental appropriations payments in the State Medical Program.
- \$1,606,303 to address the rising cost of pharmacy ingredients.
- \$613 for anticipated increases to Medicare hospice rates.
- (\$10,000,000) other funds one-time core reduction from the Fiscal Year 2003 appropriation level.